

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

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|--|--|--|---------------------|
| (1) DEPARTMENT General Services Agency | (2) MEETING DATE 3/18/2014 | (3) CONTACT/PHONE Janette Pell, General Services Agency Director 781-5200; Rob Reid, Chief Deputy 781-4540 | |
| (4) SUBJECT Request to authorize a budget adjustment in the amount of \$370,364 from Risk Management's Liability Self Insurance Fund, to Fund Center 230- Capital Projects, to fund construction of the Honor Farm Laundry Building at 885 Oklahoma Avenue, San Luis Obispo, and to amend the Sheriff's Office and Animal Services fixed asset lists for equipment. District 2. | | | |
| (5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> 1. Authorize a budget adjustment in the amount of \$370,364 using insurance proceeds from Risk Management's Liability Self Insurance Fund - FC 409, to FC 230- Capital Projects to fund construction for the Honor Farm Laundry Building and the purchase of equipment for the Sheriff's Office and Animal Services by 4/5 vote; 2. Augment Capital Projects FC 230 by \$142,263 for the construction project for the Honor Farm Laundry Building; 3. Amend the FC 136- Sheriff fixed asset list for the purchase of institutional washing machines, dryers, and a security camera system valued at \$200,777; and 4. Amend the FC 137- Animal Services fixed asset list for the purchase of commercial washing machines and dryers valued at \$27,324. | | | |
| (6) FUNDING SOURCE(S) Liability Self Insurance Fund (insurance settlement funds): \$370,364 | (7) CURRENT YEAR FINANCIAL IMPACT \$370,364 | (8) ANNUAL FINANCIAL IMPACT NA | (9) BUDGETED? No |
| (10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____) | | | |
| (11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A | | | |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) NA | | (13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1314106 <input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A | |
| (14) LOCATION MAP Attached | (15) BUSINESS IMPACT STATEMENT? No | (16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>6/18/2013</u> | |
| (17) ADMINISTRATIVE OFFICE REVIEW | | | |
| (18) SUPERVISOR DISTRICT(S) District 2 - | | | |

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services Agency / Janette Pell, General Services Agency Director
805-781-5200

DATE: 3/18/2014

SUBJECT: Request to authorize a budget adjustment in the amount of \$370,364 from Risk Management's Liability Self Insurance Fund, to Fund Center 230- Capital Projects, to fund construction of the Honor Farm Laundry Building at 885 Oklahoma Avenue, San Luis Obispo, and to amend the Sheriff's Office and Animal Services fixed asset lists for equipment. District 2.

RECOMMENDATION

It is recommended that the Board:

1. Authorize a budget adjustment in the amount of \$370,364 using insurance proceeds from Risk Management's Liability Self Insurance Fund - FC 409, to FC 230- Capital Projects to fund construction for the Honor Farm Laundry Building and the purchase of equipment for the Sheriff's Office and Animal Services by 4/5 vote;
2. Augment Capital Projects FC 230 by \$142,263 for the construction project for the Honor Farm Laundry Building;
3. Amend the FC 136- Sheriff fixed asset list for the purchase of institutional washing machines, dryers, and a security camera system valued at \$200,777; and
4. Amend the FC 137- Animal Services fixed asset list for the purchase of commercial washing machines and dryers valued at \$27,324.

DISCUSSION

The Sheriff's Honor Farm Laundry Building, which included a bicycle repair shop, security equipment, inmate clothing and other jail inventory, and laundry equipment belonging to both the Sheriff's Office and Animal Services was destroyed by a fire on November 12, 2012. The cause of the fire was determined to be accidental, resulting from an improperly wired residential grade electrical appliance located in the area housing the large capacity dryers. There were no injuries; however the building and equipment were not salvageable.

The insurance company hired a restoration firm to assist the County in quickly restoring some initial capabilities by constructing a metal building to replace a displaced bicycle repair shop, which was completed in May 2013. The insurance company funded and paid the restoration company directly. The County incurs costs for interim contracted laundry services for the Honor Farm and Animal Services which are reimbursed to the County by the insurance company.

On June 18, 2013, the Board approved a budget adjustment in the amount of \$382,655 from insurance funds in Risk Management's Liability Self Insurance Fund (FC 409) to initiate design, engineering, soils testing, cost estimating, and initial construction to begin the project to replace the Honor Farm laundry building while settlement negotiations took place with County staff and the insurance company. The design, engineering, soils testing and cost estimating are complete; the initial construction for a pre-engineered metal building is expected to be complete in May 2014.

In July 2013, the County and insurance company reached a final settlement on the construction to replace the Honor Farm Laundry Building in the amount of \$524,928. This amount includes the \$382,655 provided from the County's Liability Self-Insurance Fund on June 18, 2013, which will be reimbursed by the insurance settlement. An additional \$142,263 is

needed to complete construction for interior improvements. This amount will also be funded through the Liability Self Insurance Fund which will be reimbursed from the insurance settlement.

The insurance company has also agreed to fully restore the Honor Farm equipment, including washers, dryers, and a security system valued at a total of \$228,101. Once purchased, this amount will be reimbursed by the insurance company. Approval of this request will allow General Services Agency to purchase the equipment within 90 days.

In total, the insurance settlement will cover the cost of construction and the new equipment for the facility at a total estimated cost of \$753,029. The General Services Agency recommends the Board approve a budget adjustment in the amount of \$370,364 with insurance proceeds from Risk Management's Liability Self Insurance Fund in order to complete the project to replace the facility and equipment that was destroyed during a fire in November 2012.

OTHER AGENCY INVOLVEMENT/IMPACT

Risk Management, the Sheriff's Office, Animal Services, and General Services Agency were involved in negotiating and processing the insurance claim.

FINANCIAL CONSIDERATIONS

On June 18, 2013, the Board approved a budget adjustment in the amount of \$382,665 from the Liability Self Insurance fund as an initial payment against the final negotiated amount of \$524,928 for construction and created a new capital project to begin the process of replacing the building.

The General Services Agency is requesting that the Board approve a Budget Adjustment to augment the project in the amount of \$370,364 to complete the construction to replace the Honor Farm Laundry Building and purchase necessary equipment. The funds will be advanced by the Risk Management's Liability Self Insurance Fund and will be reimbursed by the insurance company as costs are incurred.

| Expenditures: | 6/18/2013 BOS Adjustment | Proposed Adjustment | Total |
|---|---------------------------------|----------------------------|------------------|
| Construction Costs | \$382,665 | \$142,263 | \$524,928 |
| Facility Furniture, Fixtures and Equipment | \$0 | \$228,101 | \$228,101 |
| Total Expenditures | \$382,665 | \$370,364 | \$753,029 |
| Funding Sources: | | | |
| Risk Management Liability Insurance Fund (reimbursed by insurance proceeds as costs are incurred) | \$382,665 | \$370,364 | \$753,029 |
| Total Funding | \$382,665 | \$370,364 | \$753,029 |

By approving the budget adjustment GSA will be able to continue to fund the reconstruction of the Honor Farm Laundry Building.

The total insurance funded cost for full replacement of the Sheriff's Honor Farm Laundry Building, necessary furniture, fixtures and equipment is \$753,029. No other funding source is required to complete the project.

RESULTS

The Sheriff's Honor Farm laundry provides an essential service to the Jail, Honor Farm, Juvenile Hall, Animal Services and County's Psychiatric Health Facility. The permanent replacement of the laundry building, along with providing new washing machines and dryers will ensure the provision of cost-effective laundry services to County operations. Replacing the laundry and its operations supports the County's vision of a healthy and safe community.

ATTACHMENTS

1. Vicinity Map